

CLASSIFICATION RESTRICTED

CENTRAL INTELLIGENCE AGENCY

INFORMATION FROM  
FOREIGN DOCUMENTS OR RADIO BROADCASTS CD NO.

REPORT

STAT

COUNTRY China  
SUBJECT Economic - Finance  
HOW PUBLISHED Daily newspaper  
WHERE PUBLISHED Hong Kong  
DATE PUBLISHED 23 Jul 1949  
LANGUAGE Chinese

DATE OF INFORMATION 1949

DATE DIST. 17 Aug 1949

NO. OF PAGES 2

SUPPLEMENT TO  
REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE  
OF THE UNITED STATES WITHIN THE MEANINGS OF ESPIONAGE ACT, 50  
U. S. C., 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION  
OF ITS CONTENT IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PRO-  
HIBITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE Kung-shang Jih-pao.KMT ISSUES LAND TAX AND FOREIGN REMITTANCE REGULATIONS

LAND TAX REGULATIONS PASSED BY EXECUTIVE YUAN -- Kung-shang Jih-pao, 23 Jul 49

Kuang-chou, CNA, 22 Jul 1949 -- Regulations for the land tax and com-  
pulsory grain loans for 1949 have been passed by the Executive Yuan. The regu-  
lations read as follows:

## 1. Taxes in Kind and Compulsory Grain Loans.

a. In order to provide adequate provisions for the armed forces, the  
land tax will continue to be collected in kind. Compulsory grain loans will  
be also continued.

b. The tax rates will be same as in 1948, but the amount of compulsory  
grain loans will be determined according to the situation in each province.

c. No bond will be issued or interest paid for the grain borrowed  
in 1949; however, it will be paid back within five years beginning in 1954.

d. Collection of the land tax will vary according to area; for in-  
stance, in areas where the harvest is good or military needs are great, taxes  
will be collected in kind, but in areas where the transportation system is bad  
or the demand for food is small, the taxes will be collected in silver currency,  
and grain purchased in time of need.

e. The first 30 percent of the taxes collected will be used as public  
grain [for officials, teachers, etc.] by provinces, hsiens, and cities.

f. All interest and bonds issued for grain borrowed during previous  
years and payable in 1949 will be paid in silver currency or by government  
bonds, instead of in kind, based on the price of food in each province.  
Interest cannot be deducted from the land tax.

- 1 -

CLASSIFICATION

RESTRICTED  
DISTRIBUTION

STATE	<input checked="" type="checkbox"/>	NAVY	<input checked="" type="checkbox"/>	NSRS															
ARMY	<input checked="" type="checkbox"/>	AIR	<input checked="" type="checkbox"/>	FBI															

**RESTRICTED**

RESTRICTED

STAT

## 2. Allocation of Taxes

Seventy percent of the commodities obtained by the land tax will be remitted to the provinces, hsien, and local areas, and the other 30 percent and the entire amount of grain collected through the compulsory grain loan will be transmitted to the Central Government. Public grain will be distributed equally between hsien and provinces. Specially controlled municipalities will retain all public grain collected by the city.

b. Allocation of taxes in the local areas will be guided by provincial regulations, and that within the Central Government by direction of the Finance Ministry.

c. The Ministries of National Defense and Finance, in order to facilitate the obtaining of provisions by field forces, will issue military ration coupons which may be presented to local governments for food. Regulations governing the use and redemption of these coupons will be issued separately.

d. Grain received in taxes by provinces and hsien may be bought by the Central Government if needed. Means of purchase will be determined by negotiation between the Ministry of Finance and the provinces.

## 3. Prevention of Malfeasance

a. Strict measures must be taken by the provinces and hsien to ensure adequate inspection of tax collection and prevent illicit practices. Tax-collection procedures must be improved for the benefit of the people.

b. All grain received by the Central Government in land taxes and compulsory loans will be allocated to the armed forces. Provincial hsien and municipal governments and organs of the Land and Food Ministry will be held responsible for its proper distribution. Such grain may not be used for other purposes.

## NATIONALISTS TO PAY GOLD FOR FOREIGN REMITTANCES -- Kung-shang Jih-pao, 25 Jul 49

Kuang-chou -- Regulations permitting payment of gold bullion for remittances from overseas Chinese have been drawn up by the Ministry of Finance and the Central Bank, and await passage by the Executive Yuan, which is expected in early August. The purpose of these regulations is to increase holdings of foreign exchange by the national banks. The two most important points of this regulation are: (1) partial payment for remittances by gold (the proportion of payment by gold may be as much as one half of the total), and (2) payment of the remainder in silver yuan in accordance with official conversion rates. If the receiver desires the entire amount to be converted to silver coin, it is also permissible. The government expects to obtain about 5 million US dollars each month by means of these regulations.

Additional reports from Kuang-chou indicate that the entire amount of silver yuan issued for circulation on the market so far totals 9 million yuan. Of this amount, about 4 million yuan already have been converted to coin. Of the remaining 5 million yuan now in circulation, about 2½ million yuan are concentrated in the Kuang-chou area.

- E N D -

- 2 -

RESTRICTED

**RESTRICTED**